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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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CONTENTS

SUMMARY

The domestic demand for food and other farm products is expected to continue fairly strong for the remainder of 1953. However, foreign demand for farm products, which has dropped to a lower level this season, may remain at about current levels into 1953-54. Average prices received by farmers probably will not change materially from current levels during 1953. Although supplies of farm products are likely to continue large, the levels of price supports which have been announced for 1953 output of several major commodities, are not much different than for 1952 crops.

With farm product prices averaging lower this year than last, cash receipts from farm marketings and gross farm income probably will be somewhat below 1952. Total farm production expenses may decline slightly in 1953. Expenditures for purchased livestock, feed, seed, and rents will probably be lower in 1953 than in 1952--substantially lower in the case of feed and livestock. On the other hand, some further increases may occur in farmers' interest payments, farm real estate taxes, depreciation charges, operating costs for motor vehicles, and expenditures on fertilizer and hired labor.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1952 Year	1952 Mar.	1952 Dec.	1953 Jan.	1953 Feb.	1953 Mar.
Industrial production 1/							
Total	1935-39=100	219	221	235	236	239	241p
All manufactures	do.	230	231	247	249	253	255p
Durable goods	do.	280	285	314	316	322	327p
Nondurable goods	do.	189	188	193	195	198	197p
Minerals	do.	160	164	168	164	163	162p
Construction activity 1/ #							
Contracts, total	1947-49=100	183	164	205	190	173	
Contracts, residential	do.	181	174	183	173	184	
Wholesale prices 2/ #							
All commodities	1947-49=100	112	112	110	110	110	110
All commodities except farm and food	do.	113	114	113	113	113	113
Farm products	do.	107	108	99	100	98	100
Processed foods	do.	109	109	104	106	105	105
Prices received and paid by farmers 3/							
Prices received, all products	1910-14=100	288	288	269	267	263	264
Prices paid, interest, taxes, and wage rates	do.	286	288	280	282	280	281
Parity ratio		101	100	96	95	94	94
Consumers' price 2/ 4/ #							
Total	1947-49=100	114	112	114	114	113	
Food	do.	115	113	114	113	112	
Income							
Nonagricultural payments 5/	Bil. dol.	248.0	242.7	258.8	259.5	260.5	
Production worker pay rolls 2/ #	1947-49=100	134	132	149	147	148p	
Weekly earnings of production workers 2/							
All manufacturing	Dollars	68.18	67.40	72.22	71.51	71.42	
Durable goods	do.	73.52	72.81	78.51	77.43	77.43	
Nondurable goods	do.	61.16	60.13	63.67	63.16	63.16	
Employment							
Total civilian 6/	Millions	61.3	59.7	61.5	60.5	60.9	61.5
Nonagricultural 6/	do.	54.5	53.7	55.8	55.1	55.6	55.7
Agricultural 6/	do.	6.8	6.0	5.7	5.5	5.4	5.7
Government finance (Federal) 7/	Million dollars						
Income, cash operating		5,950	10,436	6,320	5,239		
Outgo, cash operating	do.	6,082	6,120	7,364	5,442		
Net cash operating income or outgo	do.	- 132	4,316	-1,044	- 203		

Annual data for the years 1929, 1932 and 1935-52 appear on page 26 of the April 1953 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury.
Data for 1952 are on average monthly basis.
Revised series. p= Preliminary.

The realized net income of farm operators in 1953 is likely to be down about a billion dollars from the 14.3 billion dollars realized in 1952. Although this would be somewhat larger than the postwar low of 12.3 billions received in 1950, the purchasing power of this income would be the lowest since 1941.

With prospects for a continued high level of Government expenditures and a record rate of business investment in new plant and equipment, there is little likelihood of any marked reduction in economic activity in 1953. This conclusion is supported also by a recent survey of the Federal Reserve Board which indicates that more consumers plan to purchase automobiles and major household goods in 1953 than a year ago. In addition, plans for the purchase of houses, if realized, would provide a strong market for residential construction.

While the current rate of security outlays is close to its anticipated peak, according to present plans, any decline in the rate of these expenditures by the end of this year is apt to be relatively small in view of current commitments and large unexpended balances. Such a decline could very well be offset by a further expansion in expenditures by State and local Governments for highways, schools, and other public construction.

If international tensions are eased, substantial reductions in defense outlays may occur at some future time, but this is not likely for this year. Such developments, however, might bring periods of uncertainty as a result of anticipated changes in national security programs. These could cause a more cautious policy by business with respect to inventories and plans for capital expansion and by consumers in making commitments for purchases of durable goods and housing.

The sharp drop in foreign demand for U. S. agricultural exports in the last half of 1952, reflected primarily a general increase in foreign supplies of food and fiber. Gold and dollar supplies available to foreign countries during the 1952-53 marketing year, though still short relative to their needs for dollar exchange, are estimated to be about the same as a year earlier. However, limited gold and dollar assets in the United Kingdom probably contributed to reduced takings of U. S. tobacco and lard in the last half of 1952.

Exports of farm products in the first half of the 1952-53 marketing year were down approximately 30 percent from a year earlier. Cotton exports were off more than 50 percent, wheat about 30 percent, and tobacco more than a third. For the 1952-53 marketing year, exports are expected to total about 30 percent below the large exports in the 1951-52 marketing year. This lower rate of exports may well continue in the last half of 1953.

Record-large supplies and reduced foreign demand were major factors contributing to the drop of nearly a tenth in average prices received by farmers over the past year. Beef cattle prices were off almost one-third in response to substantially larger marketings. Supplies of grains, potatoes and dairy products increased and export demand for cotton and wheat was sharply reduced.

Stocks of wheat, cotton, corn and fats and oils have increased substantially in the current marketing year, but a large part of these stocks are under loan to the Commodity Credit Corporation. Farm output in 1953 will be about as large as the record output of last year, if growing conditions are not unfavorable.

With farm product prices down more than prices paid, the ratio of prices received to prices paid including interest, taxes and wages, dropped to 94 in March this year, 6 percent below a year earlier. The parity ratio probably will continue below 100 during 1953. Prices paid by farmers including interest, taxes and wages are expected to average somewhat lower this year. Lower average prices for commodities used in farm production, particularly for feed and feeder livestock, probably will be partly offset by higher charges for interest, taxes and wage rates. Rural living costs are not likely to change much.

Commodity Highlights

Cattle and calf slaughter, up 20 to 25 percent in the first quarter from a year earlier, will continue above last year, but probably by a somewhat smaller percentage than in the first quarter. Hog slaughter, recently about 15 percent below last year, may remain 12 to 15 percent smaller than in 1952. Total meat production for the year is expected to be moderately above 1952. Fed cattle prices are not expected to change much from current levels but may show some seasonal strength this fall. Lower quality cattle are expected to decline seasonally this summer and average somewhat lower this fall than last. Milk production in recent months averaged about 8 percent above a year earlier. Most of the increased flow has gone into manufactured dairy products, and prices of butter, cheddar cheese and nonfat dry milk have been supported by heavy USDA purchases. Egg production, currently near its peak, is running only slightly below a year earlier and prices are about a fifth higher. After mid-year shell-egg prices are likely to be nearer year-ago levels. Early season prospects indicate that supplies of edible and inedible fats and oils will be more than adequate to meet all needs in 1953-54. Record carry-over stocks of inedible fats are in prospect. Prices this spring and summer are expected to remain firm or increase slightly. Consumption of feed grains has been at a lower level this season than last and the carry-over into the 1953-54 feeding season may be a fourth larger. Heavy movement of corn under price support and declining "free" stocks are expected to give strength to corn prices in coming months. The announced minimum support price for the 1953 crop is about the same as the 1952 support level. Wheat supplies for the 1953-54 marketing year are not expected to be much different from the near-record supplies this year. The minimum price support announced for the 1953 crop is about the same as for the current season. Consumer demand for fruit probably will continue strong in the second half of 1953. Stocks of canned fruits carried over into the 1953 season are expected to be smaller than a year earlier and processor demand is likely to be somewhat stronger than in 1952. Large supplies of most fresh vegetables at lower prices are in prospect for the next month or two according to acreage and production increases indicated so far for commercial crops. Generally adequate stocks of canned vegetables and large stocks of frozen vegetables may result in moderately less acreage of some

vegetables for processing in 1953. Larger supplies of potatoes than a year ago are expected to hold prices at levels lower than in 1952. Disappearance of cotton in the 1952-53 marketing year is estimated at 13 million bales, indicating a carry-over next August of about 4.9 million bales, compared with 2.8 million last August. The announced minimum support price level for upland cotton is about the same as for the 1952 crop. With world demand for wool gradually strengthening, prices continue to rise even though supplies are somewhat larger this season than last. A firm domestic demand is in prospect for tobacco in 1953 and export demand may be stronger. Announced minimum support levels for 1953 flue-cured, Burley and Maryland tobacco are 5 to 6 percent lower than in 1952. Production of these types is expected to be somewhat smaller.

GENERAL BUSINESS CONDITIONS: Review and Prospects for 1953

Spending by consumers, businessmen and the Government continued to rise over the past year and by the first quarter totaled nearly 7 percent above a year earlier. But output expanded about as fast as total demand and prices at retail averaged only a little above the first quarter of 1952. A moderate rise in employment and higher wage rates contributed to a 6 1/2 percent increase in consumer incomes over the first quarter a year earlier.

Economic activity is at record rates with output of factories and mines at postwar highs. Employment, incomes, and retail sales are at record levels. Moreover, reports by both consumers and businessmen are generally optimistic regarding investment and spending plans for 1953 and total Government outlays probably will not change much from current levels. These prospects suggest that economic activity, employment and incomes will continue high in 1953.

Defense Expansion May Be Near Peak

Government purchases of goods and services increased by 38 billion dollars, or nearly doubled, from the second quarter of 1950 before Korea to the second quarter of 1952. Approximately 33 billion dollars of this gain was due to expansion of national security spending from an annual rate of 17 billion to 50 billion. These expenditures include defense spending and such defense-related activities as stockpiling, atomic energy, and foreign economic aid. From mid-1952 to the first quarter of 1953, however, the annual rate of national security spending has risen only 1.5 billion dollars to 51.4 billion. Congress has not appropriated funds for fiscal 1953-54. However, in view of current commitments and large unexpended balances, the rate of national security outlays is not likely to change much during 1953.

Table 1.- Gross national product or expenditure, disposable personal income and personal savings, first quarter 1952 to first quarter 1953

Seasonally adjusted annual rates

Item	1952 I	1952 II	1952 III	1952 IV	1953 I 1/
	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars
Gross national product	339.7	342.6	343.0	360.1	363.0
Personal consumption expenditures	213.2	214.9	215.0	222.0	226.0
Gross private domestic investment	50.0	49.3	51.7	57.3	54.0
Government purchases of goods and services	74.4	78.0	77.9	80.6	83.0
National security	46.4	50.3	49.6	50.4	51.4
Disposable personal income	229.5	230.8	234.8	242.5	245.0
Personal savings	16.3	15.9	19.8	20.5	19.0

1/ Preliminary estimates by the Office of the Economic Adviser to the President.

Other Federal outlays for goods and services are running at an annual rate of around 6 billion dollars. The remaining part of total Government purchases of goods and services, made by State and local Governments, was up over the year by more than a billion dollars from the annual rate of 23.2 billion in the first quarter of 1952. With continued pressure for more schools, highways, hospitals and public buildings, some further rise in these expenditures is in prospect. Combined outlays by Federal, State and local Governments for goods and services were estimated at an annual rate of 83 billion dollars in the first quarter, up 5 billion from the average for last year. A further small gain in Government purchases appears likely during 1953.

Investment Demand

Business investment in new plant and equipment was maintained at record rates in 1951 and 1952. This reflected favorable economic conditions and Government incentives to expand defense-related industrial capacity. Continued large capital outlays have resulted in a rapid growth in productive capacity of manufacturing industries, particularly chemicals, primary iron and steel, and nonferrous metals.

Demand for Capital Goods Maintained

Businessmen continue generally optimistic regarding investment plans for 1953, even though expansion of productive capacity has been rapid since Korea. Business investment plans reported to the Securities and Exchange Commission and the Department of Commerce in February and early March indicated total outlays for new plant and equipment would be at an annual rate of 27.8 billion dollars in the first half of this year, up about 4 percent from a year earlier. Planned capital outlays for all of 1953 total 27 billion dollars compared to 26.5 billion last year. For durable goods industries outlays are expected to be down about 5 percent with fairly large declines planned for primary iron and steel and non-ferrous metals, fabricated metal products, transportation equipment excluding automobiles, and stone, clay and glass products. Larger investment spending is planned for machinery and equipment industries, while most other major durable goods industries were planning little change from 1952.

Capital expenditures for the nondurable goods group may total 5 percent above 1952. Larger investment outlays are planned for petroleum, chemicals, paper products and beverages in 1953. Public utilities plan capital investment 14 percent larger than in 1952, reflecting a 15 percent increase for electric power companies and an 11 percent rise for gas companies. Railroads plan smaller capital outlays in 1953.

Construction of industrial plants is expected to be down from last year, but commercial building--such as stores, restaurants, garages, and warehouses--is expected to be considerably larger, possibly a fourth. Gains are expected also in social and recreational buildings, churches, and schools.

Business Inventories

Business inventories were expanded during the last half of 1952 from the strike-induced low mid-year levels. The rise was particularly rapid in the fourth quarter when inventories were accumulated at an annual rate of 8 billion dollars. A large part of the increase was in stocks of durable goods, particularly automobiles. The expansion apparently was in line with increased sales, and manufacturers' stocks were also reported to be fairly well balanced with production requirements. Although total inventories in early 1953 were a little larger than a year earlier, ratios of stocks to sales were generally lower.

New Home Construction

With demand for new homes at a high level, housing starts were near 1.1 million units in both 1951 and 1952, 300 thousand less than the record in 1950. Starts increased to an annual rate of nearly 1.2 million units after credit controls on housing were suspended in September and have continued near that rate in early 1953.

Construction costs edged up gradually in the first half of 1952 but tended to level out in the latter part of the year. However, building materials prices were comparatively stable during 1951 and 1952. Outlays for new homes continued near the 1951 total of 11 billion dollars (annual rate) during the first three quarters of 1952, but rose to 11.6 billion in the fourth quarter.

New housing starts in 1953 are expected to exceed a million units. New family formations, though declining in number, may total around 800 thousand in 1953. With prospects for consumer incomes to continue near current levels, demand for new homes probably will be well maintained in 1953. The recent Federal Reserve Board survey of consumer intentions to buy as of early 1953 reported plans "to purchase new and existing houses in substantial volume."

Net Foreign Investment

Both exports and imports totaled slightly higher in 1952 than in the previous year with exports of goods and services running about 5 billion dollars larger than imports. However, the difference was financed largely by U. S. Government grants. Consequently, net foreign investment was small in 1952. Prospects for continued high domestic economic activity in 1953 suggest that imports may be slightly larger than in 1952. Dollar exchange available to foreign countries should be large enough to maintain U. S. exports in 1953 somewhere near current rates. Government grants will again finance most of the difference and net foreign investment probably will be small.

Consumer Demand

Consumer incomes after taxes, at a 245 billion-dollar rate in the first quarter of 1953, were about 6 1/2 percent above a year earlier. This rise in incomes occurred in the nonagricultural segment of the economy and reflected a gain of 1.2 million in employment, an increase of nearly 6 percent in average hourly earnings, and a small rise in the average number of hours worked per week. Consumer incomes are not likely to increase as much in 1953 as during 1952 but wage rates and employment are expected to be moderately higher.

Consumer saving was at a relatively high rate during most of 1951 and 1952. A large part of this saving went into fairly liquid forms--currency, demand deposits and securities. At the close of 1952, individual holdings of currency, demand and time deposits, savings and loan association shares, and Government savings bonds were reported to total about 210 billion dollars. This is about 90 percent of disposable income compared with around 70 percent just before the war. Consumer credit outstanding rose sharply in the last half of 1952, following the removal of credit controls, and by the end of the year totaled nearly 24 billion dollars, 42 percent larger than at the end of 1949. Home mortgage debt outstanding rose 6.3 billion dollars in 1952 and the total of 58.2 billion by the end of the year was 55 percent larger than at the close of 1949. Disposable incomes of consumers rose about 30 percent over this period.

Consumer Buying At
Record Rate

Supported by a strong consumer demand, personal consumption outlays in the first quarter were estimated at a record 226 billion-dollar annual rate, 6 percent above a year earlier. Expenditures for nondurable goods and services including food rose over the year and were 4 percent above the opening quarter of 1952. Spending for durables dropped off in the third quarter last year, when work stoppages reduced production, then rose sharply and by the first quarter of 1953 totaled about 15 percent above a year earlier. Much of the gain was due to an increase of more than 30 percent in sales by the automotive group. Furniture and appliance store sales were up 5 percent.

In addition to rising income, the high rate of new home construction and credit financing have been important factors contributing to increased sales of durable goods. Consumer installment credit extended during January and February was equal to about 44 percent of total sales of durable goods stores in these months.

Although sales of durables may not be maintained at the current rate throughout 1953, no material cut is in prospect. The Federal Reserve Board survey of consumer buying intentions for 1953, which was taken in the early part of the year, reported that more consumers planned to buy new cars this year than so reported in early 1952 or 1951. Substantially more consumers planned to buy most major household goods, especially television sets and furniture, than a year ago, but about the same number intended to buy refrigerators.

Most groups of nondurable goods stores reported sales gains over a year ago. Apparel sales in January and February were down moderately from the average for the fourth quarter after adjustment for seasonal differences, but were up 7 percent over a year earlier. Food store sales were up about 6 percent. A high level of consumer income probably will result in a continued large volume of spending for nondurable goods. Outlays for services such as rentals, domestic service, purchased transportation, personal and medical care, recreation and education are expected to rise further this year.

OUTPUT AND EMPLOYMENT

Total output of goods and services in the United States rose about 5 percent from the first quarter of 1952 to the first quarter of 1953 with most of the increase coming in the last half of 1952 following settlement of the dispute in the steel industry. Civilian employment increased about 2 percent over the year. Since weekly hours per worker in manufacturing industries averaged only about 1 percent higher and changes in the average work week in nonmanufacturing industries were small, productivity per worker apparently rose moderately with most of the gain in the last half of the year.

Industrial Production at Post-war High

Industrial production in the January-March period this year averaged 239 percent (1935-39=100), about 8 percent higher than in the same months of 1952. This rise was in response to the continued expansion in outlays for national defense, increased investment by business including restocking of inventories, and larger consumer expenditures for goods and services. Output dropped sharply in the second quarter last year, largely the result of the direct and indirect effects of the work stoppages in the steel industry. With the settlement of the steel strike in late July, industrial production climbed rapidly until November and has continued to increase gradually since then. Most of the expansion from the first quarter of last year to the same period of 1953 was in production of durable goods, which increased 13 percent. Output of transportation equipment was up one-fourth as assembly of passenger cars nearly doubled. Manufacture of major household appliances in the early months of this year was 28 percent above the year before. With mills operating near capacity, production of basic metals and their products was more than one-tenth higher.

Manufacture of nondurables in the first quarter of 1953 was about 4 percent above the same months of a year earlier. Output of textile, leather and rubber products was up around a tenth, and moderate gains were also reported in chemicals and petroleum and coal products. Output of manufactured foods was about the same. Minerals production was down slightly from the year before, due largely to a decline in coal mining.

Although stocks were built up rapidly in the last half of 1952, sales also increased and the ratio of retail inventories to sales in early 1953 was a little below a year ago and not high compared to earlier years. Stocks of automobiles and durable goods in general were lower relative to sales rates than in early 1952. Manufacturers' stocks also increased but in early 1953 they were lower relative to sales than a year earlier, and were reported to be in better balance in terms of goods in the various stages of fabrication.

Order backlogs of manufacturers relative to sales continue near 6 months deliveries, about the same as a year ago, but a few companies have shown increases. Unfilled orders in the aircraft sector are reported to equal about 30 months at recent delivery rates and electrical machinery and transportation equipment nearly 10 months. However, order backlogs relative to sales for industrial machinery producers in general declined from a year ago with largest reductions reported for machine-tool producers whose delivery rates are about double those of a year ago.

Continued large outlays on defense and capital investment and some further rise in consumer expenditures, are in prospect for this year. These together with relatively large order backlogs and inventories reasonably well balanced compared to sales and manufacturers' production schedules, probably will support a high rate of production and employment in coming months.

Employment Higher

Total employment in the first quarter was up only about 2 percent over a year earlier, but unemployment is low and the labor supply is reported to be fairly tight in some areas. Agricultural employment declined over the year, while nonagricultural employment rose and currently is at record levels, after adjustment for seasonal variation. The number of workers engaged in contract construction declined 2 percent from the first quarter of 1952 to the same period of 1953, and employment in industries producing planes and other defense materials increased. Production workers in plants producing aircraft and ordnance increased about a sixth and ship and boat building more than one-tenth. The number of workers engaged in automobile manufacture was up a fifth, electrical machinery 12 percent, fabricated metals 11 percent, and leather products 8 percent over the year.

COMMODITY PRICES

Retail prices of goods and services averaged a little higher in the first quarter than a year earlier. The nearly 7-percent increase in the flow of spending by consumers, businessmen and the Government was almost matched by an expansion in output. In early 1953 food and apparel were the only major groups for which prices averaged lower than a year earlier. Food prices dropped off about 4 percent from August 1 through March reflecting heavy marketings and sharply lower prices for beef, dairy products, potatoes, and some other foods. Wholesale prices of processed foods declined nearly 5 percent over the same period and in the first quarter were about 4 percent below the opening quarter of 1952.

While the retail value of farm-produced food in the first quarter was down about 3 percent from a year earlier, prices received by farmers for food products were nearly a tenth lower. Charges for transportation, marketing and processing farm products rose about 3 percent and the farmers' share of the consumers' food dollar was reduced from 49 cents in early 1952 to 46 cents in the first quarter of 1953. Food supplies probably will continue large and prices in 1953 are expected to average somewhat below last year, though probably not far from current levels.

Apparel prices at retail declined gradually over the past year and in the first quarter were around 2 percent below early 1952. Wholesale prices of textiles and apparel declined more than 3 percent and production increased approximately a tenth from a year earlier. Payments for rent, transportation and medical care rose 4 percent from last year and smaller gains were reported for other groups of the retail price index. Much of the gain in prices of services and some commodity prices reflect wage rate increases and higher costs. Average prices of all goods and services at retail are not expected to change much during 1953.

Wholesale Prices Average Lower

Wholesale prices drifted downward during most of 1952 reflecting sharp declines in prices of farm products and foods in the latter part of the year. In the first quarter of 1953, the index averaged $2\frac{1}{2}$ percent

below a year earlier. Farm products averaged 9 percent lower and processed foods 4 percent lower, while industrial products were down less than one percent. These changes accompanied a general easing in the supply situation, and a sharp reduction in foreign demand for agricultural products. Domestic demand continued strong. Marketings of farm products in the second half of 1952 were 5 to 6 percent larger than a year earlier and exports were off about 30 percent. These more than offset the effect of the continued rise in consumer income. Supply increases were smaller for most industrial products and rising demand and higher costs have moderated price declines for these products. Biggest gains over the year were registered for metals and metal products -- an increase of 1.4 percent. Prices for rubber and rubber products averaged 11.4 percent lower than in the first quarter of 1952, primarily because of larger supplies.

Wholesale prices drifted down in late March and early April. Prices of farm products and processed foods declined a little from mid-March levels while average prices for industrial products held relatively stable.

Table 2.- Indexes of retail, wholesale and basic commodity prices, selected groups, first quarter 1952 and 1953 with percentage change

Group	First quarter 1952	First quarter 1953 1/	Percentage change
			Percent
22 basic commodities (1947-49 = 100)			
All commodities	104.6	89.5	- 14.4
Foodstuffs	94.7	86.5	- 8.7
Raw industrials	112.0	91.5	- 18.3
Livestock and products	74.0	61.2	- 17.3
Metals	127.4	107.9	- 15.3
Textiles and fibers	107.3	89.7	- 16.4
Fats and oils	69.0	58.3	- 15.5
Wholesale prices (1947-49 = 100)			
All commodities	112.6	109.8	- 2.5
Farm products	108.7	98.8	- 9.1
Food, processed	109.6	105.3	- 3.9
All other than farm and food	114.1	113.1	- .9
Consumers' prices (1947-49 = 100)			
Total	112.6	113.6	+ .9
Food	113.4	112.3	- 1.0
Housing	114.0	116.5	+ 2.2

1/ January-February average for consumer prices.

AGRICULTURE: Demand, Supply And Price Prospects For 1953

Domestic demand for farm products was maintained at a high level during the past year, and if planned spending by consumers and businessmen materializes and Government outlays continue near current rates, demand probably will continue strong the rest of this year.

Agricultural Exports

Foreign demand for U. S. agricultural products dropped sharply in the last half of 1952. With cotton exports off more than 50 percent, wheat about 30 percent and tobacco more than a third, the total value of exports in the last half of 1952 was down 30 percent from a year earlier. The value of exports of farm products for all of 1952-53 also is expected to be down about 30 percent from the postwar high of 4 billion dollars in 1951-52. In the last half of 1953, the rate of exports probably will not change much from that estimated for 1952-53.

Export Demand Lower

The decline in exports in the 1952-53 marketing year was due primarily to increased foreign supplies of food and fiber. Foreign supplies of food are about 3 percent larger than in the preceding year. Foreign cotton supplies are about a tenth larger and prices for types competitive with U. S. cotton have dropped sharply. On the other hand, gold and dollar supplies available to foreign countries during 1952-53, though still short relative to their need for dollar exchange, are estimated to be about the same as a year earlier. U. S. imports of goods and services are expected to be somewhat larger than last year but this gain may be about offset by a farther drop in economic aid. Although military aid is increasing, only a part of this gives rise to dollar exchange available to foreign countries. Economic aid financed about half of total U. S. agricultural exports in calendar year 1950, about one-fourth in 1951, and probably less than 15 percent in 1952.

Smaller foreign takings, particularly of farm products, contributed to a general improvement in the dollar position of foreign countries. By the end of February, United Kingdom holdings of gold and dollar assets were estimated at about one-fourth larger than in mid-1952 when they were nearly 50 percent below a year earlier. This improvement in the United Kingdom dollar position was accomplished partly by reduced takings of U. S. lard and tobacco in the last half of 1952.

Exports Sharply Reduced

The volume of agricultural exports in the 1952-53 marketing year as a whole is estimated at about one-fourth below 1951-52. Among individual commodities, cotton exports probably will be 35 to 40 percent below the $5\frac{1}{2}$ million-bale total of 1951-52, due primarily to increased supplies and

lower prices of foreign cotton. Wheat exports are expected to be about a third smaller than the 475 million bushels exported in 1951-52. Supplies in major exporting countries (Canada, Australia and Argentina) were up more than a third from the 1951-52 marketing year when Southern Hemisphere wheat crops were small and the quality of the Canadian crop was poor. Exports of tobacco in the last half of 1952 were down more than a third from a year earlier primarily because of smaller takings by the United Kingdom. But substantial quantities of tobacco will go to Britain in the first half of this year and total exports for the 1952-53 marketing year may be only about one-eighth smaller than a year earlier. The volume of exports of fats, oils and oilseeds in the 1952-53 marketing year will be smaller (probably around 15 percent) than the relatively large exports in 1951-52, but will still equal about one-sixth of domestic production. Inedible tallow and grease exports are at record levels reflecting large supplies and relatively low prices. Although lard exports are large, shipments to the United Kingdom were reduced sharply because of limited dollar exchange. Exports of fruits are expected to be smaller in 1952-53 even though export-payment programs are in operation for oranges, grapefruit and raisins. Exports of feed grains in fiscal 1952-53 may be down somewhat from 1951-52.

Supplies of Farm Products

Record output of farm products accompanied the high level of domestic demand and sharply reduced foreign demand in 1952, and average prices received by farmers fell rapidly in the latter part of the year. Total production was more than 3 percent above 1951. Output of meat animals and animal products rose above the record of the previous year and crop production increased 4 percent. Beef production in 1952 was nearly 9 percent larger than 1951, and in the second half of the year was 13 percent larger than in the first half. Despite the gain in marketings, cattle numbers rose nearly 6 million head during 1952 to a total of 93.7 on January 1, 1953. Pork production rose slightly in 1952, but the pig crop, part of which is marketed in 1953, was down a tenth. Output of dairy products and poultry and eggs also was up somewhat from 1951.

Crop output for marketing in 1952-53 was the second largest in history, despite the drought in a large part of the country. The 341 million acres from which crops were harvested were about 5 million more than in 1951 and the composite yield index topped that of any other year except 1948. This large output was made possible by increased use of machinery, fertilizer and pesticides, even though farm employment declined further. Production of rice and oranges was at a record in 1952; corn, winter wheat and soybeans were the second largest of record; and cotton, cottonseed and tobacco were among the crops that were above average. Reflecting this record output of farm products, the volume of farm marketings in 1952, was 5 percent larger than in 1951, with crops up 9 percent and livestock and products, about 3 percent. Marketings in the first quarter of 1953 continued large--about 6 percent above a year earlier.

Stocks Are Larger

Carryover stocks of wheat at the close of the 1952-53 marketing year may be more than double the 256 million-bushels in mid-1952, with a substantial part of the total under loan to CCC. As of February 15 a record 456 million bushels of 1952-crop wheat had been placed under price support programs. Carryover stocks of feed grains are expected to increase about one-fourth during the 1952-53 feed year, primarily because of larger corn stocks. Through mid-March farmers had placed 270 million bushels of corn under loan and purchase agreement, a near record for the period. The cotton carryover may rise to about 4.9 million bales by August 1953 from the 2.8 million reported at the beginning of the current marketing season. On April 3, 1.9 million bales of 1952 crop cotton were under CCC loan. Stocks of fats and oils may be up 20 percent with considerable quantities held by CCC.

Output of farm products this year may be about as large as 1952, if growing conditions are favorable. A small increase in prospect for livestock products may be about offset by a smaller crop output. Unless cattle marketings increase more than now seems likely, meat supplies may be slightly larger than last year, with smaller pork production nearly offsetting an increase in beef. The indicated drop in crop output this year would result chiefly from a decline in winter wheat and a moderately smaller harvest of tobacco.

Prices Received By Farmers Lower

Prices received by farmers in the first quarter of 1953 were down nearly a tenth from a year earlier as increased supplies and a reduced foreign demand more than offset the price effect of higher consumer incomes. Meat animal prices were off nearly a fifth as marketings of beef cattle increased rapidly in 1952 and early 1953. Unseasonally large milk production in recent months contributed to lower prices for dairy products. With increased demand and slightly smaller production, egg prices in the first quarter were up a fifth from a year earlier.

Lower average prices for crops in the first quarter of 1953 reflected in general larger supplies of most commodities and a smaller export demand, particularly for cotton. Fruit was the major exception; prices were up nearly one-fourth with a short apple crop and strong demand for oranges for processing the major factors in the rise. Supplies of most other crops were large and prices declined. The large movement of many farm products under price support programs kept prices from falling more. In mid-March prices received by farmers for wheat, corn, wool and peanuts were below announced support levels and substantial quantities had moved under CCC loan.

Prospects for the remainder of 1953 suggest that prices received by farmers may not change much from current levels. Supplies are large, but domestic demand for farm products is expected to continue high and export demand may hold at about current levels. Price supports, which have been announced for 1953 crops of several major commodities, are not much different than for 1952 crops.

Table 3.- Group indexes of prices received and paid by farmers, first quarter 1952 and 1953 with percentage change

(1910-14 = 100)

Group	First quarter 1952	First quarter 1953	Percentage change
			Percent
Prices received by farmers	292	265	- 9
Food grains	250	244	- 2
Feed grains and hay	231	209	-10
Cotton	316	258	-18
Tobacco	434	422	- 3
Oil-bearing crops	294	290	- 1
Fruit	172	211	+23
Truck crops	273	241	-12
Other vegetables	286	269	- 6
All crops	267	250	- 6
Meat animals	375	303	-19
Dairy products	313	286	- 9
Poultry and eggs	186	213	+15
Wool	317	290	- 9
Livestock and products	316	277	-12
Prices paid, interest, taxes and wages	288	281	- 2
Living	271	268	- 1
Production	280	263	- 6
Wages 1/	498	514	+ 3

1/ Seasonally adjusted.

Prices Paid By Farmers Down Slightly

Prices paid by farmers for commodities, interest, taxes and wages--the parity index--averaged 281 (1910-14=100) in the first quarter of 1953, about 2 percent below a year earlier. Sharply reduced prices for feeder and replacement livestock and lower prices for feed were largely responsible for the decline. Prices paid for most other farm production items were either unchanged or higher. Living costs were down slightly and interest, taxes and wage rates were higher.

Prices paid by farmers are expected to average somewhat lower in 1953 than last year. Lower average prices for commodities used in farm production, due primarily to lower prices for farm products purchased by farmers, probably will be partly offset by higher charges for interest, taxes and wage rates. Rural living costs are not likely to change much. The parity ratio--the ratio of the index of prices received to the parity index--averaged 101 in 1952 and in mid-March this year was 94, the lowest since June, 1941. In 1953 the parity ratio is expected to continue somewhat below 100.

FARM INCOME

With prices received by farmers at a lower level than in 1952, farmers' cash receipts from marketings in 1953, and their total gross income, are likely to be somewhat below a year ago. Farm production costs, however, continue high and relatively inflexible. Farm operators' realized net income in 1953 will probably be down about a billion from last year's total of 14.3 billion dollars. But it would still be somewhat larger than the 12.3 billion received in 1950, the post World War II low.

If growing conditions are average, the total volume of farm marketings in 1953 will approximately equal last year's record volume. However, a material change in production prospects as the season develops could alter price and income prospects.

Farmers' realized net income is the difference between their gross income and production expenses. Total farm production expenses may decline slightly in 1953. Expenditures for purchased livestock, feed, seed, and rents will probably be lower in 1953 than in 1952--substantially lower in the case of feed and livestock. On the other hand, some further increases may occur in farmers' interest payments, taxes, depreciation charges, operating costs for motor vehicles, and expenditures on fertilizer and hired labor.

Cash receipts from farm marketings in the first quarter of 1953 totaled 6.6 billion dollars, down 2 percent from last year. An increase of 6 percent in the volume of marketings was more than offset by lower average prices. Receipts were up 4 percent in January, down 7 percent in February, and down 4 percent in March as compared with corresponding months in 1952. Receipts from livestock and products in the first quarter were down 9 percent to 3.9 billion dollars, mostly because of a 17-percent drop in receipts from meat animals. On the other hand, crop receipts were up 11 percent to 2.7 billion dollars, largely the result of increased marketings of wheat, corn, soybeans, and tobacco.

The preliminary estimate of cash receipts in March is 2.0 billion dollars, up slightly from the revised estimate of 1.9 billion for February, but down 4 percent from March of last year. Receipts from livestock and products were about 1.3 billion dollars, seasonally higher than in February but 7 percent below a year earlier. March crop receipts are estimated at 0.7 billion dollars, practically the same as in February and only slightly higher than in March of last year.

LIVESTOCK AND MEAT

Total cattle and calf slaughter since January 1 has been 20 to 25 percent above a year ago. Slaughter will continue considerably higher than last year but probably by a somewhat smaller percentage. Hog slaughter, on the other hand, has recently averaged about 15 percent below last year. It will likely remain 12 to 15 percent under 1952 through

most of this year. Slaughter of sheep and lambs also has exceeded last year, and now appears likely to continue above last year for some time, but may drop below the 1952 slaughter rate later in the year. Total meat production so far this year has averaged about 3 percent above the corresponding period of 1952. Output for the year is expected to exceed last year's total moderately, allowing consumption per person to be about the same as the 144 pounds of last year.

Cattle and calf slaughter the last few months has included more fed cattle than a year ago, and also more cattle from range areas. Since 12 to 14 percent more cattle were on feed this April than a year ago, marketings of fed cattle will be larger than last year through the spring and summer. Beginning this summer marketings of cattle off grass will increase seasonally and will likely exceed last year substantially.

Meat animal prices in general have been more stable in recent weeks, following the sharp declines in cattle prices late in 1952 and early this year. Prices of fed cattle are not expected to change much from present levels but may develop some seasonal strength this fall. With demand by cattle feeders weaker, the price of lower quality cattle this fall will probably be somewhat lower than last fall.

Prices of hogs have been 1/4 higher than a year ago. After a moderate seasonal decline this spring, prices will probably increase seasonally during the summer and be above a year earlier. Prices of sheep and lambs are close to their average relationship to cattle prices. No marked change seems likely until late summer or fall when prices probably will decline seasonally with volume marketings from ranges and pastures.

DAIRY PRODUCTS

The seasonal increase in milk production from now to the June peak is likely to be considerably less pronounced than a year earlier. From December through March, the annual rate of milk production was 123 billion pounds, an average of 8 percent above a year earlier. As the season advances, the total flow of milk will tend to become closer to that of a year earlier but with more milk cows on farms, production may continue higher than in 1952. Total output for the year is likely to be between 117 and 118 billion pounds.

Increases in milk production have occurred in all sections of the Nation. The continued heavy flow of milk has resulted in a large excess of milk in most fluid milk markets of the country, including a number of southern markets where there have been substantial winter shortages each year of the past decade or so. To cope with this situation, prices of surplus milk have been reduced in a number of fluid markets. For the United States as a whole, production of all manufactured dairy products, except evaporated milk, recently has been running above a year earlier. At about the same or slightly higher retail milk prices, consumers have bought somewhat more fluid milk than a year earlier according to recent data for Federal order markets.

Wholesale prices of several major manufactured dairy products declined at the end of March in line with the reduction in USDA purchase prices for butter, Cheddar cheese and nonfat dry milk, which became effective April 1. The purchase prices are equivalent to 90 percent of parity, the same as during the marketing year ended March 31, but parity prices are down because of the 3 percent decline in the parity index since February 1952. A year ago prices for each of the three items were a little above the purchase price.

Total USDA purchases for price support in the marketing year ended March 31 were 143 million pounds of butter, 212 million pounds of nonfat dry milk and 75 million pounds of cheese. Most of these purchases were made in the last 3 months of the marketing year, much of which was from 1952 production. Total purchases during the marketing year were equivalent to about 3 percent of total production in that period. Weekly purchases since April 1 have been somewhat less than in the closing weeks of the previous marketing year.

POULTRY AND EGGS

Egg production in early April, near its season peak, was slightly below a year earlier. The number of layers on farms, however, was about 2 percent below last year. A strong demand both for immediate consumption and for storage and slightly reduced supplies have held prices about 10 cents per dozen above a year earlier. With small mid-April stocks of shell and frozen eggs, interest in building up these stocks in coming months will continue even at relatively high prices. After mid-year, shell-egg prices are likely to be nearer to levels of a year ago.

With the rise in egg prices and the reduction in the price of poultry ration, egg-feed price ratios in January, February, and March were 19, 31, and 41 percent higher than in the same months of 1952. In past hatching seasons, such increases in the egg-feed price ratio have been followed by increases in the number of chickens raised for laying flock replacement. To April 1 this year however, no such increase had occurred; on April 1 the number of young chickens on farms was 1 percent below a year earlier. But by the end of the spring an increase is possible.

Turkey hatchings through March were reduced 19 percent from a year earlier. However, this early-season cut may be sharper than that which will prevail for the year as a whole. A Turkey Industry Conference held in Washington on March 5 and 6 recommended a 12 to 15 percent cut from 1952 in the production of heavy turkeys.

FATS, OILS AND OILSEEDS

Early season prospects indicate that supplies of edible and non-edible fats and oils in 1953-54 will be more than adequate to meet all needs. Stocks of edible fats at the beginning of the 1953 crop year are expected to be at a record level. Because of large CCC holdings, however, commercial stocks on that date will be less than the year before. Farmers' intentions as of March 1 indicate that acreage planted to soybeans and peanuts in 1953 will be about the same as a year earlier. Less lard and perhaps less butter are expected in 1953-54. The Secretary of Agriculture has urged farmers to reduce their 1953 cotton plantings about 18 percent below last year. If

output of these items declines, stocks of edible fats would be reduced during the 1953-54 marketing year but would continue well above working levels.

Less lard and grease are likely in 1953-54 mainly because of an intended 15 percent decline in the 1953 spring pig crop. A rising trend in cattle slaughter, which began last summer, is likely to be reflected in greater output of tallow next crop year.

Stocks of linseed oil and flaxseed at the beginning of the 1953 crop year will be substantially larger than a year's requirements for linseed oil at the current rate of consumption. In addition, farmers' intentions as of March 1 suggest that output of flaxseed in 1953 will be substantially greater than the year before.

The index of wholesale prices of fats and oils except butter has trended upward so far this crop year, and since January has been higher than a year earlier. With smaller commercial stocks, prices during the spring and summer are expected to remain firm or to increase slightly and will be moderately above the year before. Domestic disappearance of fats and oils in 1952-53 has been greater than a year ago and the total for the year also is likely to be greater. Exports of fats, oils and the oil equivalent of oilseeds in the present crop year are expected to be somewhat less than the year before but still will be equivalent to about one-sixth of domestic production. Declines in lard, edible oils and drying oils will more than offset record exports of inedible tallow and greases.

CORN AND OTHER FEED

In the first half of April, market prices of corn averaged close to the March level while prices of other feed grains and a number of the by-product feeds declined slightly below March levels. Indexes of prices of feed grains and high-protein feeds in March averaged about 10 percent lower than a year earlier. Corn prices have strengthened from the low level reached in February, but the average price received by farmers continues below the national average support price. Through mid-March farmers had placed 270 million bushels of corn under loan and purchase agreement, a near record for the period. The large volume going under price support and declining stocks of "free" corn are expected to continue to give strength to corn prices during the next several months. This summer, prospects for 1953 feed crops will have an important bearing on feed prices.

In early March farmers planned to reduce corn acreage slightly in 1953, to seed nearly the same acreage of barley, but to increase acreages of oats and sorghum grains. While no forecast is made of production at this time, if yields by States are equal to the 1947-51 average and the prospective acreages are planted, a feed grain crop of 115 million tons would be produced, about 5 percent smaller than last year. Consumption of feed grains so far during 1952-53 has been at a lower level than in the first half of 1951-52, and the carryover into 1953-54 is expected to be around a fourth larger than the 20 million tons carried over into 1952-53. With the larger carryover of feed grains in prospect, the total supply of feed grains and other concentrates for 1953-54 would be about equal to the 1952-53 supply, both in total and per grain-consuming animal unit,

WHEAT

Wheat supplies for the 1953-54 marketing year which begins next July 1 are not expected to be much different from those for this season. Current prospects indicate that the 1953 wheat crop will be smaller than last year's, but that the decline will be slightly more than offset by the sharp increase in stocks carried over into 1953-54.

The winter wheat crop was estimated at 714 million bushels in early April. The first estimate of spring wheat production will not be made until June 10. However, if farmers plant the acreage indicated by their March 1 intentions, and yields are average, the crop would be about 310 million bushels. On this basis, total production would be about 1,024 million. About 575 million bushels of old wheat are expected to be on hand next July 1. Allowing for some imports, supplies for 1953-54 would be about 1,600 million bushels, slightly larger than the 1,572 million estimated for 1952-53.

Disappearance in the United States for the coming year is estimated at about the same as in 1952-53. Exports will depend on many factors, among the more important of which are the way crops turn out in foreign countries and whether the International Wheat Agreement, which ends August 1, 1953, is renewed. Assuming exports of as much as 300 million bushels in 1953-54, compared with 325 million estimated for this year, total disappearance would be 985 million bushels. Based on the above assumptions, stocks on July 1, 1954, would total about 615 million bushels. Stocks next July 1 are expected to be 575 million, and the record is 631 million bushels in 1942.

Prices for the 1953 wheat crop will be supported at 90 percent of the parity price at the beginning of the 1953-54 marketing year, but not less than a national average of $2.21 per bushel, as announced on September 9, 1952. If production is about as large as now anticipated, prices in 1953-54 are expected to average slightly below the effective loan rate--the announced rate with allowance for warehouse storage.

The Department is planning to start immediately preliminary work necessary for possible acreage allotment and marketing quota programs on the 1954 wheat crop. It was emphasized that final decision on whether allotments or quotas must be imposed will be made later when more is known about the prospective supply and demand situations.

FRUIT

Demand for fruit by consumers probably will continue strong in the second half of 1953. Demand for some fruits for processing is likely to be somewhat stronger than in 1952. Stocks of canned fruits carried over into the 1953 season are expected to be smaller than a year earlier.

Prospects as of April 1, indicated some increase in the production of deciduous fruits in 1953. Under these conditions, prices received by growers for the 1953 crop may average near the 1952 level. However, cold weather which was widespread in April may have reduced production prospects somewhat.

During late spring, grower prices for most fruits are expected to continue higher than a year earlier. In Florida, grower prices for Valencia oranges are expected to advance as concentrators and canners take increasing quantities of the oranges. Movement has been delayed, partly to await increased sugar content. Although prices for grapefruit have declined slightly during the past few months because of heavy marketings due to relatively early maturity of the fruit, some increase in prices for the better quality grapefruit seems likely as volume drops in May and June. Auction prices for California Navel oranges for the remainder of the season probably will continue at the higher levels of April.

Remaining supplies of Florida oranges are about as heavy as a year ago and those of grapefruit are much lighter. Movement of the crops should be completed earlier this year than in 1951 and 1952, when it extended considerably into the summer. But the California Valencia crop is larger than a year ago and supplies from this State should be heavier during late spring and summer than a year earlier. Cold-storage holdings of apples on March 31, 1953 were about 8 percent larger than a year earlier, and those of pears were 14 percent smaller. Stocks of both fruits were dropping rapidly with nearing of the end of the season. The mid-spring strawberry crop, much of which is marketed in May is 19 percent smaller than the 1952 crop. Acreage for late spring harvest is about the same as in 1952.

By April 4 of the 1952-53 season for processing Florida citrus fruit, output of canned juices was about 15 percent larger than in the same part of 1951-52, and that of frozen orange concentrate was 7 percent larger. Early-season movement of the new packs into the distributive trade has been heavier than in 1951-52. Cold-storage stocks of frozen deciduous fruits and berries (excluding juices) on March 31, 1953 were about 190 million pounds, 19 percent smaller than a year earlier. Figures on stocks of canned fruits in recent months are not available.

COMMERCIAL VEGETABLES

Larger supplies of most fresh vegetables than last year at prices in general below a year earlier are in prospect for the next month or two, based on acreage and production increases so far indicated for commercial crops. April reports indicate considerably larger supplies available for fresh market in early spring this year than last for asparagus, broccoli, cabbage, lettuce, onions, and tomatoes; but considerably smaller supplies are indicated for eggplant, green peas, and shallots.

Acreage for fresh market harvest this summer also is indicated to be larger than a year earlier for cabbage, onions, and watermelon.

Generally adequate stocks of canned vegetables and very large stocks of frozen vegetables are expected to cause commercial processors to avoid general increases in acreage and tonnage this year over last. Reports so far indicate a slight increase in acreage of peas for canning and freezing and a moderate decrease in acreage and tonnage of winter and early spring spinach for processing. April reports also point to slightly smaller acreage of sweet corn for processing this year than last but slightly larger acreage of snapbeans, and a considerably larger contracted acreage of cabbage for kraut.

POTATOES AND SWEETPOTATOES

Ample supplies of potatoes are expected to hold prices at levels much lower than those of a year earlier. March intentions to plant indicated a larger acreage in potatoes this year than last. A substantial increase in size of crop is likely if such an acreage is planted. If supplies of potatoes continue plentiful throughout 1953 at substantially lower prices than a year earlier, it is probable that somewhat more potatoes would be consumed this year than last. However, the increase in consumption would be proportionately smaller than the decline in price.

Prices for sweetpotatoes will continue relatively high at least until the 1953 crop becomes available in considerable volume this summer. Early planting intentions indicate that, with average weather, the sweetpotato crop this year will be considerably below the 10-year average but much larger than last year's very small crop.

COTTON

The price of cotton in March and the first half of April continued lower than in the same period a year earlier. The March average price for Middling 15/16 inch cotton at the 10-spot markets was about 19 percent below March 1952. The average 10-spot market price in April has continued to hover around 33 cents per pound. The average farm price reached a low for the season to date of 29.79 cents per pound in mid-January, but increased in February and again in March to 31.52 cents. The average price received by farmers in mid-March 1952 was 36 cents.

The sharp decline in exports has been largely responsible for lower prices during the current marketing year. Exports for the entire 1952-53 crop year are now estimated at around 3.5 million bales, compared with 5.5 million in 1951-52. Exports from August 1, 1952 through February 1953 amounted to 2 million bales compared to 4.1 million in the same period a year earlier. Smaller exports have been caused primarily by an approximate 10 percent larger supply of foreign cotton and lower prices for competitive types of foreign cotton.

The average daily rate of domestic mill consumption from August through March was 37.7 thousand bales. After allowing for the usual seasonal decline, this rate indicates a total consumption for the season of about 9.5 million bales, slightly above that of the previous season. With exports down to 3.5 million bales total disappearance in the 1952-53 marketing year is estimated at 13 million bales. With a supply of about 17.9 million bales, a disappearance of this size will mean a carry-over close to 4.9 million bales on August 1, 1953.

Through April 3, the Commodity Credit Corporation had made loans on 2.1 million bales of 1952 crop cotton. Repayments had been made for 194,398 bales. Since the middle of March the net increase (entries less replacements) has been less than 30 thousand per week. April 30 is the last day on which loan applications may be submitted under the 1952 program. Outstanding loans by the end of the current season may be somewhat less than the present 1.9 million bales because of additional withdrawals.

WOOL

With world demand for wool gradually strengthening, foreign prices continue to rise, except for temporary interruptions, even though supplies are somewhat larger this season than last.

Early in April, prices of wool in foreign markets were 35 to 45 percent, depending on grade, staple, etc., above a year earlier. Indications are that wool prices are likely to remain relatively stable at least until mid-year.

Prices at Boston are also up over a year ago. Although the advances since early 1952 have not been as great as those in the British Dominions, the net change since pre-Korea has been almost the same. In early April, Boston quotations for fine and half-blood wools, clean basis, were above 1953 program loan values, while quotations for three-eighths blood and coarser wools were at or slightly below loan values.

Prices received by growers for 1952-clip shorn wool averaged 53.3 cents per pound, grease basis. Prices received for the 1953 clip probably will not average much higher. The national average support price to the grower for the 1953 clip has been announced at 53.1 cents, grease basis, slightly below that for the 1952 clip.

World wool consumption has trended upward since the third quarter of 1951, when it reached the low of a sharp decline. Consumption during 1952 was slightly above 1951. The annual rate during the final quarter of 1952 was up nearly one-third over that of the same quarter of 1951 and was well in excess of production.

Consumption of wool in the United States last year was down slightly from 1951--consumption of apparel wool was about one-tenth lower, while the use of carpet wool increased. The use of apparel wool for military items last year was down from the year before more than mill consumption for civilian goods increased. Mill use of apparel wool began to trend upward after the low of a sharp decline was reached during the first quarter of 1952. The rate of consumption during January 1953 was up about one-sixth over that of a year earlier.

World supply of wool this season is somewhat larger than for the 1951-52 season, reflecting both larger stocks and production. The carryover at the end of the current season, however, is likely to be somewhat less than a year earlier.

Stocks of both apparel and carpet wool in the United States at the beginning of the year were up from a year earlier. The increase for apparel wool reflected the large quantity of domestic wool under loan. Relative to the rate of consumption during late 1952, manufacturers' holdings of both apparel and carpet wool were lower than usual for that time of year.

TOBACCO

A firm domestic demand is expected for cigarette tobacco from the 1953 crop. This year's output of cigarettes may top the record 435 billion of last year but by less than the 17 billion increase from 1951 to 1952.

Flue-cured, Burley, and Maryland tobacco are used in cigarettes. The 1953 acreage allotments for flue-cured and Burley are moderately lower than last year's and farmers' intended acreages as of March 1 were down 7 percent from the 1952 harvested acreage. If yields per acre are equal to the average for recent years, 1953 production will be moderately less than in 1952, but the larger carryovers will raise 1953-54 total supplies a little above the 1952-53 levels. The intended acreage of Maryland tobacco is 8 percent below the 1952 harvested acreage, and is being grown under a marketing quota for the first time. The 1952 crop will start to auctions on May 5. The total supply of Maryland tobacco is about 5 percent larger than a year ago.

The 1953 crops of flue-cured, Burley, and Maryland will receive price support at 90 percent of parity. Announced minimum support levels for flue-cured and Burley are 47.9 and 46.6 cents per pound--5 to 6 percent lower than in 1952. The 1953 Maryland tobacco minimum price support is 50.4 cents per pound. These supports will be raised if parity prices are higher at the beginning of the marketing year (July 1 for flue-cured and October 1 for Burley and Maryland).

According to March 1 planting intentions, the acreages for fire-cured tobacco and Kentucky-Tennessee dark air-cured tobacco may be 1 to 4 percent above the 1952 harvested acreages. The relatively small Virginia sun-cured acreage may be up as much as 18 percent. This year's production plus carryovers probably will result in the 1953-54 total supply of fire-cured tobacco being a little lower than for 1952-53, while the total supply of dark air-cured is likely to be practically unchanged. These types are used domestically mainly in snuff and chewing tobacco. Consumption of snuff is likely to remain stable, but the downward drift in chewing tobacco is expected to continue. Fire-cured and dark air-cured tobacco will be supported at 75 and 66 2/3 percent of the Burley loan level, respectively.

The 1953 planting intentions indicated a little larger acreage of Pennsylvania filler but a little smaller acreage of Ohio filler. Increased acreages were indicated for Connecticut Valley Havana Seed and Northern Wisconsin but less for Southern Wisconsin. Connecticut Valley Broadleaf binder and shade-grown wrapper acreages may be quite close to last year's but Georgia-Florida wrapper acreage may be down as much as 14 percent. The filler and binder types except Pennsylvania filler type 41 will receive price support at 90 percent of parity. None of the cigar types except Puerto Rican type 46 received Government price support for the 1952 crops. Cigar consumption in 1953 is expected to be as high or higher than the 6 billion level of 1952.

The export demand for tobacco in the 1953 season may be stronger than last season. The stocks held here under option for British buyers are likely to be shipped during the first half of 1953, and 1953 exports to all countries combined probably will exceed the 1952 level.

ECONOMIC TRENDS AFFECTING AGRICULTURE, 1929, 1932 and 1935-52

Item	Unit or base	1929	1932	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	p1952
Industrial production 1/																					
Total	1935-39=100	110	58	87	103	113	89	109	125	162	199	239	235	203	170	187	192	176	200	220	219
All manufactures	do.	110	57	87	104	113	87	109	126	168	212	258	252	214	177	194	198	183	209	229	230
Durable goods	do.	132	41	83	108	122	78	109	139	201	279	360	353	274	192	220	225	202	237	273	280
Nondurable goods	do.	93	70	90	100	106	95	109	115	142	158	176	171	166	165	172	177	168	187	194	189
Minerals	do.	107	67	86	99	112	97	106	117	125	129	132	140	137	134	149	155	135	148	164	160
Construction activity 1/ #																					
Contracts, total	1947-49=100	63	15	20	30	32	35	39	44	66	89	37	22	36	82	84	102	113	159	171	183
Contracts, residential	do.	52	8	13	22	25	27	37	43	54	49	24	10	16	87	86	98	116	185	170	181
Wholesale prices 2/ #																					
All commodities	1947-49=100	62	42	52	52	56	51	50	51	57	64	67	68	69	79	96	104	99	103	115	112
All commodities except farm and food	do.	66	50	56	57	61	58	58	59	64	68	69	70	71	78	95	103	101	105	116	113
Farm products	do.															100	107	93	98	113	107
Foods, processed	do.															98	106	96	100	111	109
Prices received and paid by farmers 3/																					
Prices received, all products	1910-14=100	148	65	109	114	122	97	95	100	123	158	192	196	206	234	275	285	249	256	302	288
Prices paid, interest taxes, and wage rates	do.	160	112	124	124	131	124	122	124	132	151	170	182	189	207	239	259	250	255	281	286
Parity ratio		92	58	88	92	93	78	78	81	93	105	113	108	109	113	115	110	100	100	107	101
Consumers' price 2/ 4/ #																					
Total	1947-49=100	73	58	59	59	61	60	59	60	63	70	74	75	77	83	96	103	102	103	111	114
Food	do.															96	104	100	101	113	115
Income																					
Nonagricultural payments 5/	Bil.dol.	76.8	46.2	53.4	62.8	66.5	62.1	66.3	71.5	86.1	109.4	135.2	150.5	155.7	158.8	170.8	187.1	188.7	208.5	233.6	248.0
Production worker payrolls 2/#	1947-49=100	35	15	24	27	33	25	30	34	49	72	99	103	88	81	98	105	97	111	129	134
Weekly earnings of production workers 2/																					
All manufacturing	Dollars							23.86	25.20	29.58	36.65	43.14	46.08	44.39	43.82	49.97	54.14	54.92	59.33	64.88	68.18
Durable goods	do.							26.50	28.44	34.04	42.73	49.30	52.07	49.05	46.49	52.46	57.11	58.03	63.32	69.97	73.52
Nondurable goods	do.							21.78	22.27	24.92	29.13	34.12	37.12	38.29	41.14	46.96	50.61	51.41	54.71	58.50	61.16
Employment 6/																					
Total civilian	Millions	47.6	39.0	42.3	44.4	46.3	44.2	45.8	47.5	50.2	53.8	54.5	54.0	52.8	55.2	58.0	59.4	58.7	60.0	61.0	61.3
Nonagricultural	do.	37.2	28.8	32.2	34.4	36.5	34.6	36.2	38.0	41.2	44.5	45.4	45.0	44.2	46.9	49.8	51.4	50.7	52.4	54.0	54.5
Agricultural	do.	10.4	10.2	10.1	10.0	9.8	9.7	9.6	9.5	9.1	9.2	9.1	9.0	8.6	8.3	8.3	8.0	8.0	7.5	7.1	6.8
Government finance (Federal) 7/	Million dollars																				
Income, cash operating												3,160	4,016	4,134	3,470	3,693	3,748	3,448	3,538	4,945	5,950
Outgo, cash operating	do.											7,416	7,901	7,178	3,450	3,218	3,075	3,554	3,497	4,836	6,082
Net cash operating income or outgo	do.											-4,256	-3,885	-3,044	+20	+475	+673	-106	+40	+109	-132

1/ Federal Reserve Board. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics. To convert prices received and prices paid to 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce. 6/ U. S. Department of Labor for years 1929-39. From 1940 to date, Bureau of the Census. 7/ U. S. Department of Treasury. Figures are on average monthly basis. P= Preliminary. #= Revised series.

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